

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



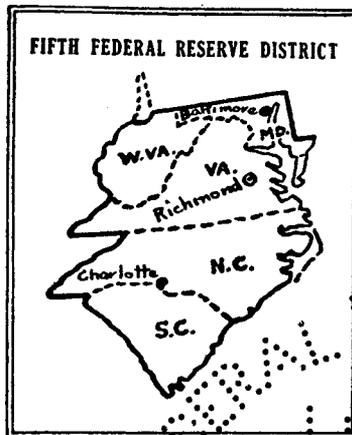
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

JANUARY 31, 1936

| ANNUAL SUMMARY | 1935 | 1934 | 1929 |
|--|------------------|------------------|------------------|
| Debits to Individual Accounts (23 Cities)..... | \$12,211,838,000 | \$10,963,718,000 | \$16,673,842,000 |
| Number of Commercial failures, 5th District..... | 496 | 650 | 1,420 |
| Liabilities Involved in Failures, 5th District..... | \$ 7,940,557 | \$ 11,025,607 | \$ 24,705,654 |
| Cotton Consumption, 5th District Mills (Bales)..... | 2,629,282 | 2,451,293 | 3,039,884 |
| Cotton Grown in Fifth District (Bales)..... | 1,360,000 | 1,345,000 | 1,625,000 |
| Tobacco Grown in Fifth District (Pounds)..... | 774,615,000 | 580,183,000 | 725,109,000 |
| Building Permits for All Work (31 Cities)..... | 27,255 | 21,443 | 42,122 |
| Value of Permits for All Work (31 Cities)..... | \$ 52,943,883 | \$ 30,876,926 | \$ 131,888,967 |
| Value of Contracts Awarded, 5th District..... | \$ 203,195,274 | \$ 185,791,734 | \$ 385,963,047 |
| Total Sales, 31 Department Stores, 5th District..... | \$ 101,823,406 | \$ 94,313,531 | \$ 117,111,916 |
| Total Sales, 58 Wholesale Firms in 5 Lines..... | \$ 54,092,012 | \$ 54,393,066 | \$ 63,287,820 |
| Bituminous Coal Production, U. S. (Tons)..... | 368,120,000 | 359,368,000 | 534,989,000 |

SOME important indicators of the volume of trade, industry and agriculture in 1935 and 1934 in the Fifth Federal reserve district are included in the above table, and figures for the year preceding the depression, 1929, are also included for comparison. The figures show that distinct progress was made in 1935 toward restoration of pre-depression activity, though in most lines the level of activity was still considerably below that of 1929. Debits to individual accounts figures, reflecting transactions through the banks of the district, increased 11 per cent in 1935 over 1934, but were 27 per cent below the record year 1929. The number of commercial failures in the district declined 24 per cent last year in comparison with 1934, and also showed a drop of 65 per cent under 1929 failures. Liabilities involved in 1935 insolvencies were 28 per cent less than 1934 liabilities and 68 per cent under 1929 liabilities. Cotton consumed in Fifth district mills last year rose 7 per cent above 1934 consumption, but was 14 per cent less than the amount of cotton used in 1929. Building permits were issued in 1935 for 71 per cent more work than in the preceding year, but



showed a decline in valuation of 60 per cent from the 1929 valuation. Contracts actually awarded in 1935 for all types of construction, including rural as well as urban projects, rose 9 per cent above the 1934 figures, but were 47 per cent less than contracts awarded in 1929. Bituminous coal production in the United States in 1935 gained 2.4 per cent over 1934 production, but was 31 per cent below the tonnage mined in 1929. Department store sales in 1935, as reflected in the business done by 31 stores, exceeded 1934 sales by 8 per cent. Total sales last year by 58 wholesale firms in 5 lines lacked 1 per cent of equalling 1934 sales, although 3 of the 5 lines registered gains in 1935. On the whole, 1935 was a relatively good year for agriculture in the Fifth district, although cash returns per pound or bushel for nearly all crops were lower than returns in 1934. Production exceeded 1934 figures and also five-year averages, but prices for all leading farm products were materially lower in 1935.

Reviewing developments of December and early January, most changes were seasonal in nature. At the reserve bank rediscounts and industrial loans de-

clined slightly and there was a seasonal drop in Federal reserve note circulation with the passing of holiday and crop marketing needs for currency. Member bank reserve deposits declined between December 15 and January 15, in keeping with withdrawals of deposits at member banks around January 1. Reporting member banks increased loans and investments in securities last month, while their cash in vault and deposits declined. Debits to individual accounts figures in four weeks ended January 8, 1936, showed an increase of 2.5 per cent over debits in the preceding four weeks, ended December 11, a seasonal increase, and also showed a gain of 13.1 per cent over debits in four weeks ended January 9, 1935. Employment showed practically no change during the past month. Coal production in December exceeded production in November and also was above the output in December 1934. Textile mills in the Fifth district showed a seasonal decline last month in cotton consumption in comparison with consumption in November, but more cotton was used than in December 1934. Building permits issued in 31 Fifth district cities in December 1935 exceeded in estimated valuation those issued in December 1934 by 125 per cent, and contracts actually awarded for construction work in the district exceeded those awarded in December last year by 114 per cent. Retail trade in the Fifth district in December, as reflected in department store sales, was 7.5 per cent above the volume of trade in December 1934, and all five wholesale lines for which data are available reported larger sales in the 1935 month than a year earlier.

Reserve Bank Statement

| ITEMS | 000 omitted | | |
|----------------------------------|-----------------|-----------------|-----------------|
| | Jan. 15 1936 | Dec. 15 1935 | Jan. 15 1935 |
| Rediscounts held | \$ 58 | \$ 72 | \$ 313 |
| Open market paper..... | 175 | 173 | 209 |
| Industrial advances | 4,111 | 4,443 | 1,695 |
| Foreign loans on gold..... | 0 | 10 | 0 |
| Government securities | 116,716 | 116,716 | 103,563 |
| Total earning assets..... | 121,060 | 121,414 | 105,780 |
| Circulation of Fed. Res. notes.. | 174,130 | 186,082 | 158,406 |
| Members' reserve deposits..... | 166,674 | 173,241 | 125,292 |
| Cash reserves | 236,062 | 252,878 | 188,530 |
| Reserve ratio | 67.05 | 68.91 | 64.93 |

Total earning assets of the Federal Reserve Bank of Richmond declined by \$54,000 between December 15, 1935, and January 15, 1936. The portfolio of open market paper rose by \$2,000 during the month, holdings of Government securities remained unchanged, and rediscounts for member banks declined by \$14,000, industrial loans dropped by \$332,000, and foreign loans on gold decreased by \$10,000, the last named item disappearing from the statement by being paid in full. Between December 15 and January 15 there was a seasonal decline of \$11,952,000 in Federal reserve notes in actual circulation. Federal reserve notes always return from circulation in considerable volume as soon as holiday shopping is done and the marketing season for agricultural products passes its crest. Member bank reserve deposits declined by \$6,567,000 in the past month, but continued far above legal requirements.

The several changes mentioned reduced the cash reserves of the Federal Reserve Bank of Richmond by \$16,816,000 between the middle of December and the middle of January, but lowered the ratio of cash reserves to note and deposit liabilities combined by only 1.86 points.

During the year between January 15, 1935, and the same date this year, rediscounts for member banks at the Federal Reserve Bank of Richmond declined by \$255,000 and the portfolio of open market paper decreased by \$34,000. On the other hand, loans direct to industry, authorized under Section 13-B of the Federal Reserve Act, as amended, rose by \$2,416,000, and holdings of Government securities increased by \$13,153,000. The changes in earning assets resulted in a net increase of \$15,280,000 during the year. Federal reserve note circulation rose by \$15,724,000 between January 15 last year and this, and member bank reserve deposits increased by \$41,382,000. The several changes in the statement brought an increase of \$47,532,000 in cash reserves of the Federal Reserve Bank of Richmond, and the ratio of cash reserves to note and deposit liabilities combined rose by 2.12 points.

Statement of 41 Member Banks

| ITEMS | 000 omitted | | |
|---|----------------|-----------------|----------------|
| | Jan. 8 1936 | Dec. 11 1935 | Jan. 9 1935 |
| Loans on stocks and bonds (including Governments) | \$ 71,693 | \$ 71,008 | \$ 76,170 |
| All other loans..... | 132,898 | 128,487 | 120,945 |
| Total loans and discounts..... | 204,591 | 199,495 | 197,115 |
| Investments in securities..... | 396,592 | 363,270 | 373,531 |
| Reserve bal. with F. R. Bank..... | 110,153 | 122,024 | 82,508 |
| Cash in vaults..... | 16,694 | 18,425 | 16,118 |
| Demand deposits | 389,234 | 401,483 | 359,853 |
| Time deposits | 189,803 | 190,123 | 188,259 |
| Borrowed from F. R. Bank..... | 0 | 0 | 0 |

The accompanying table contains figures for the most important items on the composite statement of condition for 41 reporting member banks in 12 Fifth district cities for three dates, January 8, 1936, December 11, 1935, and January 9, 1935, thus affording opportunity for comparison of the latest figures with those on the corresponding dates a month and a year earlier. It should be understood that the figures in the table are not the highest or lowest which occurred during the periods covered, but represent the condition of the banks on the report dates only.

Between December 11, 1935, and January 8, 1936, loans at the reporting banks rose by \$5,096,000, loans on stocks and bonds rising \$685,000 and all other loans increasing \$4,411,000. Investments in securities rose by \$33,322,000 during the month, but aggregate reserve balance of the forty-one banks at the Federal Reserve bank declined by \$11,871,000, and cash in vault decreased by \$1,731,000. Deposits dropped \$12,569,000 between December 11 and January 8, demand deposits decreasing \$12,249,000 and time deposits declining \$320,000.

In comparison with condition figures as of January 9, 1935, those for January 8, 1936, show increases in all items except loans on securities, which dropped

LIBRARY

FEDERAL RESERVE BANK OF PHILADELPHIA

Date 2-21-45

Binding No.

Author

Title *Monthly Review of Federal
Reserve Bank of Richmond
1936-1940*

Volume

Color *Black*

Style *Book Gold Letters*

Label

EXACT LETTERING

*Monthly Review of Federal
Reserve Bank of Richmond
1936-1940*

\$4,477,000 during the year. On the other hand, all other loans rose \$11,953,000, giving a net increase in total loans amounting to \$7,476,000 during the year. Investments in securities, chiefly Government issues, rose by \$23,061,000 between January 9 last year and January 8 this year, and aggregate reserve balance of the reporting banks at the reserve bank increased by \$27,645,000 during the same period. Cash in vault totaled \$576,000 more on the 1936 date. A substantial increase occurred in deposits during the year, demand deposits rising by \$29,381,000 and time deposits gaining \$1,544,000. None of the reporting banks was borrowing at the reserve bank on any of the dates in the table.

Time and Savings Deposits

Time deposits in forty-one reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$394,194,334 at the end of December 1935, a higher figure than either \$393,958,574 reported at the end of November 1935 or \$385,256,162 at the end of December 1934. Time deposits in reporting member banks declined slightly during December while savings bank deposits rose. Both member banks and mutual savings banks registered gains in time and savings deposits during the year 1935.

DEBITS TO INDIVIDUAL ACCOUNTS

| CITIES | Total Debits During the Four Weeks Ended: | | | Annual Totals | |
|---------------------------|---|-----------------|----------------|------------------|------------------|
| | Jan. 8, 1936 | Dec. 11, 1935 | Jan. 9, 1935 | 1935 | 1934 |
| Asheville, N. C. | \$ 10,352,000 | \$ 9,349,000 | \$ 8,774,000 | \$ 115,962,000 | \$ 108,583,000 |
| Baltimore, Md. | 294,818,000 | 278,253,000 | 265,156,000 | 3,427,439,000 | 3,137,450,000 |
| Charleston, S. C. | 13,054,000 | 13,480,000 | 12,626,000 | 161,630,000 | 137,806,000 |
| Charleston, W. Va. | 49,842,000 | 44,871,000 | 50,162,000 | 541,606,000 | 500,784,000 |
| Charlotte, N. C. | 55,450,000 | 52,902,000 | 44,546,000 | 612,777,000 | 541,310,000 |
| Columbia, S. C. | 24,826,000 | 20,966,000 | 18,025,000 | 296,029,000 | 208,459,000 |
| Cumberland, Md. | 7,193,000 | 6,828,000 | 6,434,000 | 87,473,000 | 73,626,000 |
| Danville, Va. | 9,904,000 | 12,489,000 | 8,482,000 | 97,298,000 | 92,015,000 |
| Durham, N. C. | 21,745,000 | 30,116,000 | 18,356,000 | 323,145,000 | 337,711,000 |
| Greensboro, N. C. | 13,787,000 | 14,143,000 | 12,213,000 | 160,725,000 | 131,669,000 |
| Greenville, S. C. | 17,190,000 | 15,638,000 | 13,529,000 | 179,931,000 | 160,664,000 |
| Hagerstown, Md. | 8,052,000 | 6,785,000 | 6,205,000 | 85,772,000 | 73,968,000 |
| Huntington, W. Va. | 14,554,000 | 14,367,000 | 12,229,000 | 153,414,000 | 138,926,000 |
| Lynchburg, Va. | 14,085,000 | 13,934,000 | 13,550,000 | 164,057,000 | 161,150,000 |
| Newport News, Va. | 8,267,000 | 8,964,000 | 7,115,000 | 89,269,000 | 80,152,000 |
| Norfolk, Va. | 46,013,000 | 46,304,000 | 40,041,000 | 539,670,000 | 505,050,000 |
| Portsmouth, Va. | 3,842,000 | 4,181,000 | 3,347,000 | 43,580,000 | 38,970,000 |
| Raleigh, N. C. | 33,791,000 | 21,985,000 | 36,583,000 | 317,411,000 | 288,112,000 |
| Richmond, Va. | 134,995,000 | 142,433,000 | 124,909,000 | 1,614,347,000 | 1,499,113,000 |
| Roanoke, Va. | 21,916,000 | 20,963,000 | 19,745,000 | 238,852,000 | 230,126,000 |
| Spartanburg, S. C.* | 7,495,000 | 7,493,000 | ----- | ----- | ----- |
| Washington, D. C. | 210,501,000 | 204,693,000 | 173,629,000 | 2,458,594,000 | 2,069,526,000 |
| Wilmington, N. C. | 8,770,000 | 8,525,000 | 8,202,000 | 109,383,000 | 96,983,000 |
| Winston-Salem, N. C. | 31,995,000 | 37,074,000 | 28,633,000 | 393,474,000 | 351,565,000 |
| District Totals | \$1,054,942,000 | \$1,029,243,000 | \$ 932,491,000 | \$12,211,838,000 | \$10,963,718,000 |

*Spartanburg, S. C., figures not included in Totals.

The accompanying table shows debits to individual, firm and corporation accounts in the clearing house banks in twenty-three leading trade centers of the Fifth Federal reserve district during three equal periods of four weeks. In addition, total debits are shown by cities and the district for the calendar years 1935 and 1934.

Debits figures for four weeks ended January 8, 1936, showed a smaller than seasonal increase amounting to \$25,699,000, or 2.5 per cent, over aggregate debits in the preceding four weeks, ended December 11, 1935, the increase being due in part to holiday trade but principally to the large volume of annual payments falling due on January 1. Of the twenty-three reporting cities, fourteen reported higher figures for the more recent period, while nine cities failed to show the seasonal increase. The declines in Danville and Durham occur nearly every year, and are due in part to holiday suspension of tobacco marketing. Of the six largest cities in the District, Baltimore, Washington,

Charlotte and Huntington reported larger debits for the more recent four weeks, while Richmond and Norfolk reported lower figures.

In comparison with debits aggregating \$932,491,000 reported for the four weeks ended January 9, 1935, this year's figures for the corresponding period show an increase of \$122,451,000, or 13.1 per cent, all of the twenty-three cities increasing this year except Charleston, W. Va., and Raleigh, N. C.

Total debits in the twenty three reporting cities for the calendar year 1935 showed an increase of \$1,248,120,000, or 11.4 per cent, in comparison with total debits in 1934. All of the reporting cities except Durham show higher figure for 1935 than for 1934. Aggregate debits in the Fifth district last year were higher than debits in any other year since 1931.

Employment

Industrial plants in the Fifth district continue active, and are using more workers than at any other time in

several years, but inclement weather interfered with outside work of all kinds in December and the first half of January, and extra help taken on for the holiday season was dropped after Christmas. Building is increasing throughout the district, and workmen in building trades find it easier to secure employment than a year or two years ago, but little work is done on farms at this season and agricultural workers are in poor demand. Many workers in cities were given a few days work in December and early January on snow removal jobs, but a larger number of men were thrown out of work temporarily by the snow and ice storms.

Coal Production

Bituminous coal production in the United States in December 1935 was higher than production in November, and also exceeded production in December 1934. Last month 34,829,000 net tons of bituminous coal were mined, compared with 33,285,000 tons mined in November and 32,526,000 tons brought to the surface in December 1934. Total production for the calendar year 1935 exceeded production in 1934, approximately 367,980,000 tons dug comparing with 359,368,000 tons mined in the earlier year. Shipments of coal through Hampton Roads in December totaled approximately 1,763,000 tons, and total shipments from January 1 through December totaled 18,279,000 tons. Shipments through Hampton Roads ports totaled 18,133,000 tons in 1934.

The December 28, 1935, report of the Bureau of Mines, Department of the Interior, gave bituminous coal production by states for the month of November. West Virginia led all states with 8,572,000 tons, Pennsylvania ranking second with an output of 7,771,000 tons.

Textiles

Operations of textile mills in the Fifth reserve district showed a seasonal recession in December in comparison with November, but exceeded the rate of operations of December 1934. Cotton consumption in the district in December totaled 234,608 bales, of which 125,006 bales were used in North Carolina mills, 97,675 bales were used in South Carolina mills, and 11,927 bales were used in Virginia mills, all states reporting higher figures last month than for December 1934. In November 1935 the mills in the Carolinas and Virginia consumed 244,429 bales, and in December 1934 they used 192,436 bales. Total consumption in the Fifth district in 1935 showed an increase over 1934 consumption, 2,629,282 bales used in 1935 being 7 per cent more than 2,451,293 bales used in 1934. Consumption in all months of 1935 except in March, April and May exceeded consumption in the corresponding months of 1934. Cotton used in the Fifth district in December 1935 totaled 47.08 per cent of National consumption, compared with 48.13 per cent in November 1935 and 46.11 per cent in December 1934, and consumption in the district during the calendar year 1935 totaled 46.7 per cent of National consumption against 44.5 per cent in 1934.

On December 21, the Department of Commerce issued a report on spindles in place, spindles active in November, total spindle hours of operation in November, and average hours of operation per spindle in place in November. On November 30, 1935, there were 29,582,594 spindles in place in the United States, North Carolina leading with 6,123,322, or 20.7 per cent of the total, South Carolina ranking second with 5,814,094 spindles, or 19.7 per cent, and Massachusetts third with 5,106,640 spindles, or 17.3 per cent. The Fifth district as a whole had 42.5 per cent of total spindles in place in the United States at the end of November. In actual spindle hours of operation, South Carolina led all states for November with 1,784,491,191 hours, or 25.9 per cent of the National total of 6,897,420,223 hours, and North Carolina ranked second with 1,662,730,586 hours, or 24.1 per cent. Georgia ranked third in actual spindle hours of operations, with 13.8 per cent of total hours, although that State had only 11.4 per cent of all spindles in place. Massachusetts, with 17.3 per cent of spindles in place, showed only 10.7 per cent of total hours of operation in November. The Fifth district, with 42.5 per cent of total spindles in the United States in November, showed 52.2 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 307 hours per spindle was in the lead, while North Carolina ranked fifth with 272 hours and Virginia seventh with 241 hours. The average hours of operation for the United States was 233 per spindle in place.

Cotton Statistics

Spot cotton prices during the month between December 13 and January 17 were unsettled by the Supreme Court decision on the Agricultural Adjustment Act and prices declined materially soon after the decision, but later the market rallied and prices recovered about all they had lost. On December 13, the average price for middling grade upland cotton on ten Southern markets was 11.73 cents per pound, but during the following week, ended December 20, the average price dropped to 11.56 cents. From this point the price rose to 11.60 cents per pound on December 27 and to 11.75 cents on January 3, but as a result of the AAA decision on January 6 cotton prices dropped to 11.32 cents on January 10. Hope for new legislation to replace the AAA brought the average price of cotton back to 11.72 cents per pound on January 17, the latest date for which official quotations are available.

Cotton consumption in American mills in December 1935 totaled 498,329 bales, according to the report of the Bureau of the Census made public on January 14. This figure shows a seasonal decrease from 507,836 bales consumed during the month of November, but is 19 per cent more than 417,344 bales used in December 1934. Total consumption during the five months of the present cotton season amounted to 2,415,888 bales, compared with 2,134,094 bales consumed during the five months ended December 31, 1934. Cotton on hand at manufacturing establishments on December 31, 1935, totaled 1,427,484 bales, compared with 1,346,127 bales

held on November 30, 1935, and 1,301,271 bales held on December 31, 1934. Bales in public warehouses and compresses numbered 8,386,784 at the end of December, against 8,629,812 bales at the end of November and 9,567,935 bales on December 31, 1934. Exports of cotton totaled 877,480 bales in December, compared with 1,134,874 bales sent abroad in November 1935 and 504,685 bales in December 1934, and exports in the five months of the present cotton year—August 1-December 31, inclusive—totaled 3,452,266 bales against 2,398,827 bales shipped over seas in the corresponding five months ended December 31, 1934. Imports last month totaled 12,738 bales, compared with 9,982 bales imported in December 1934. Consumption of cotton in the cotton growing states totaled 415,914 bales in December, compared with 426,794 bales used in November and 329,993 bales in December 1934. Last month's consumption in the cotton growing states amounted to 83.46 per cent of National consumption, compared with 79.07 per cent of National consumption used in the cotton growing states in December a year ago. Of the 415,914 bales consumed in the cotton growing states last month, Fifth district states used 234,608 bales, or 56.41 per cent, compared with 58.32 per cent of Southern consumption attained by Fifth district mills in December 1934. Spindles active at some time during December 1935 numbered 23,391,370 compared with 23,193,734 in November 1935 and 25,072,972 in December 1934.

Tobacco Marketing

Tobacco markets in South Carolina closed before December, and markets in North Carolina and Virginia took long holidays for Christmas.

North Carolina auction markets sold 27,863,693 pounds of tobacco for producers in December 1935, compared with only 12,415,483 pounds sold in December 1934, and total sales for the present season prior to January 1 totaled 521,691,409 pounds, compared with 388,362,378 pounds sold of the 1934 crop before January last year. The average price paid for North Carolina tobacco in December 1935 was \$17.30 per hundred pounds, against \$17.82 per hundred in December 1934. The average price for the current selling season in North Carolina, to December 31, was \$20.72 per hundred, and the crop is the largest on record except for the 1929 yield. In 1934 the average price to December 31 was \$28.70 per hundred pounds, but in 1933 it was approximately \$16.00 and in 1932 it was only \$12.00. Winston-Salem led in sales in December with 7,089,581 pounds, and Durham ranked second with 3,751,890 pounds, but Oxford led the flue-cured markets in average price paid with \$18.94 per hundred pounds. Asheville, the only burley market in North Carolina, sold 1,676,612 pounds last month for an average of \$21.24 per hundred pounds.

Virginia tobacco sales during December 1935 amounted to 20,291,746 pounds for an average of \$16.50 per hundred pounds, according to warehouse reports to the Commissioner of Agriculture. During December 1934 sales amounted to 17,222,611 pounds at an average price of \$16.88 per hundred. Total producers' sales to December 31 were 96,062,955 pounds, and the average price paid was \$20.81 per hundred,

compared with 79,198,197 pounds sold for an average of \$27.35 per hundred pounds during the corresponding period in 1934. Flue-cured tobacco sales in December totaled 12,898,850 pounds for \$17.55 per hundred, compared with 9,315,429 pounds sold for \$19.39 per hundred pounds in December 1934. Total sales of this type through December amounted to 86,133,882 pounds, at \$21.62 per hundred, and during the same period a year earlier 69,663,932 pounds were sold, for \$29.19 per hundred. Sales of fire-cured tobacco in December amounted to 3,241,620 pounds, at \$10.48 per hundred pounds, compared with December 1934 sales of this type totaling 4,931,816 pounds, at \$12.04 per hundred. Total sales of fire-cured tobacco through December amounted to 5,777,797 pounds, at \$10.75 per hundred, compared with 6,558,899 pounds sold to December 31, 1934, for an average of \$12.54 per hundred. Burley markets opened on December 3 and sold 3,576,231 pounds for \$19.31 per hundred pounds, the highest December price for this type of tobacco since 1929. During December 1934, Virginia markets sold 2,429,567 pounds of burley tobacco for an average of \$18.80 per hundred pounds. Sun-cured tobacco sold last month totaled 575,045 pounds, and the average price was \$9.49 per hundred, while 545,799 pounds of this type were sold in December 1934 for \$9.27 per hundred. This type also brought the highest December price since 1929. Warehousemen estimated that December 1935 sales graded 24 per cent good, 36 per cent medium, and 40 per cent common, compared with December 1934 grading of 22 per cent good, 39 per cent medium, and 39 per cent common. Danville led individual markets in December sales with 7,300,916 pounds, South Boston ranking second with 2,952,308 pounds, and Danville also led the flue-cured markets in average price paid with \$18.41 per hundred.

Tobacco Manufacturing

On January 21, the Commissioner of Internal Revenue issued a report on taxes collected in December 1935 on manufactured tobacco products. December production of cigarettes in the United States numbered 9,840,823,290, compared with 9,209,839,473 cigarettes manufactured in December 1934. Smoking and chewing tobacco production increased from 20,032,813 pounds in December 1934 to 20,191,573 in December this year. Cigars manufactured declined from 317,563,442 in December 1934 to 312,973,813 in December 1935. Snuff production rose from 2,675,919 pounds to 2,904,780 pounds during the year. In the month of December 1935, taxes on cigarettes totaled \$29,525,153, compared with \$27,632,010 collected in the corresponding month of the preceding year. Taxes on smoking and chewing tobacco increased during the same period from \$3,606,035 to \$3,634,643, and cigar taxes fell from \$868,364 to \$818,012. Combined taxes to the Treasury on all forms of tobacco manufacture totaled \$34,500,668 in December 1935 and \$32,588,074 in December 1934, an increase this year of 5.9 per cent.

Agricultural Notes

The year 1935 in the Fifth district was marked by increased yields of nearly all leading crops, with mate-

rially lower prices per unit. As a result of this combination, farmers received less money for more pounds or bushels. The accompanying table of production figures for principal crops covering two years and the five-year average shows the figures by states in detail. *Corn* production rose 11 per cent over 1934 production, but the farm value of the crop declined 7 per cent in 1935. *Cotton* production was 1 per cent above 1934 production, but the aggregate value of the crop declined 7 per cent. *Tobacco* yield was 34 per cent higher than the 1934 yield, but the price was so much lower per pound that the total value of the tobacco rose by only 2 per cent. *Irish potatoes* declined in production 14 per cent in 1935, but the crop in the United States was so large that the total value of the Fifth district crop declined 11 per cent under the value of the 1934 crop. The *sweet potato* yield rose 1 per cent, but the value fell 11 per cent. The *oats* crop rose 28 per cent in output, but the value of the crop increased only 6 per cent. *Wheat* production in the Fifth district was 11 per cent larger in 1935 than in 1934, but

the total value of the crop rose only 4/10ths of 1 per cent. There was a gain of 11 per cent in the tonnage of *hay* in the district in 1935, but the aggregate value of the crop declined 19 per cent. *Peanut* production increased 4 per cent, but the value of the nuts fell 4 per cent. The total *apple* crop rose 63 per cent in 1935, but in spite of the fruit being of good quality the total value of the crop rose only 20 per cent. The *commercial apple* yield increased 52 per cent in 1935, but the crop brought only 9 per cent more than the 1934 crop. *Sorghum syrup* decreased 5 per cent in production in 1935, and the value of the syrup dropped by 1 per cent, this being the only agricultural product for which the unit price was higher in 1935 than in 1934. In comparison with average production figures in the Fifth district in five base years 1928-1932, production figures in 1935 were larger for all important crops except Irish potatoes. The relatively low yield of Irish potatoes was due to reduced acreage, as a result of disastrously low prices for potatoes during the past two or three years.

| Crops | Yrs. | Maryland | Virginia | W. Va. | N. Carolina | S. Carolina | District | Farm Value |
|---------------------------|---------------|------------|-------------|------------|-------------|-------------|-------------|---------------|
| Corn (bus.) | 1935 | 18,935,000 | 39,884,000 | 13,216,000 | 49,780,000 | 25,592,000 | 147,407,000 | \$107,710,000 |
| | 1934 | 16,995,000 | 35,794,000 | 12,128,000 | 47,580,000 | 20,760,000 | 133,257,000 | 115,731,000 |
| | Av. 1928-1932 | 15,039,000 | 31,346,000 | 11,056,000 | 39,119,000 | 20,151,000 | 116,711,000 | ----- |
| Cotton (bales) | 1935 | ----- | 30,000 | ----- | 585,000 | 745,000 | 1,360,000 | \$ 76,801,000 |
| | 1934 | ----- | 35,000 | ----- | 629,000 | 681,000 | 1,345,000 | 82,923,000 |
| | Av. 1928-1932 | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Tobacco (lbs.) | 1935 | 26,350,000 | 95,500,000 | 1,980,000 | 561,060,000 | 89,725,000 | 774,615,000 | \$157,644,000 |
| | 1934 | 23,418,000 | 80,155,000 | 1,755,000 | 417,975,000 | 56,880,000 | 580,183,000 | 154,510,000 |
| | Av. 1928-1932 | 24,018,000 | 98,916,000 | 4,193,000 | 468,526,000 | 75,823,000 | 671,476,000 | ----- |
| Irish Potatoes (bus.) | 1935 | 3,135,000 | 11,352,000 | 2,924,000 | 9,130,000 | 1,926,000 | 28,467,000 | \$ 18,428,000 |
| | 1934 | 3,267,000 | 13,433,000 | 3,120,000 | 10,672,000 | 2,625,000 | 33,117,000 | 20,797,000 |
| | Av. 1928-1932 | 3,339,000 | 14,447,000 | 3,484,000 | 7,573,000 | 2,731,000 | 31,574,000 | ----- |
| Sweet Potatoes (bus.) | 1935 | 840,000 | 4,060,000 | ----- | 8,000,000 | 5,192,000 | 18,092,000 | \$ 11,754,000 |
| | 1934 | 750,000 | 3,910,000 | ----- | 8,856,000 | 4,428,000 | 17,944,000 | 13,144,000 |
| | Av. 1928-1932 | 1,374,000 | 4,316,000 | ----- | 6,819,000 | 4,569,000 | 17,078,000 | ----- |
| Oats (bus.) | 1935 | 1,372,000 | 2,442,000 | 2,044,000 | 4,730,000 | 9,768,000 | 20,356,000 | \$ 10,696,000 |
| | 1934 | 1,320,000 | 2,398,000 | 2,052,000 | 3,519,000 | 6,596,000 | 15,885,000 | 10,111,000 |
| | Av. 1928-1932 | 1,547,000 | 3,267,000 | 3,239,000 | 3,595,000 | 8,080,000 | 19,728,000 | ----- |
| Wheat (bus.) | 1935 | 8,323,000 | 8,714,000 | 2,538,000 | 5,198,000 | 980,000 | 25,753,000 | \$ 22,341,000 |
| | 1934 | 7,934,000 | 8,092,000 | 1,974,000 | 4,340,000 | 765,000 | 23,105,000 | 22,261,000 |
| | Av. 1928-1932 | 8,648,000 | 9,220,000 | 1,643,000 | 3,653,000 | 575,000 | 23,739,000 | ----- |
| Hay (tons) | 1935 | 561,000 | 1,113,000 | 724,000 | 652,000 | 210,000 | 3,260,000 | \$ 38,479,000 |
| | 1934 | 578,000 | 948,000 | 502,000 | 699,000 | 201,000 | 2,928,000 | 47,380,000 |
| | Av. 1928-1932 | 458,000 | 858,000 | 615,000 | 561,000 | 180,000 | 2,672,000 | ----- |
| Peanuts (lbs.) | 1935 | ----- | 160,650,000 | ----- | 273,700,000 | 15,400,000 | 449,750,000 | \$ 14,607,000 |
| | 1934 | ----- | 147,000,000 | ----- | 272,800,000 | 12,800,000 | 432,600,000 | 15,282,000 |
| | Av. 1928-1932 | ----- | 147,220,000 | ----- | 264,200,000 | 12,068,000 | 423,488,000 | ----- |
| Apples (bus.) | 1935 | 2,412,000 | 16,695,000 | 5,610,000 | 3,975,000 | 276,000 | 28,968,000 | \$ 18,910,000 |
| | 1934 | 1,102,000 | 9,275,000 | 3,630,000 | 3,525,000 | 244,000 | 17,776,000 | 15,783,000 |
| | Av. 1928-1932 | 2,053,000 | 13,160,000 | 6,947,000 | 3,411,000 | 251,000 | 25,822,000 | ----- |
| Apples, Commercial (bus.) | 1935 | 1,200,000 | 10,710,000 | 3,060,000 | 779,000 | ----- | 15,749,000 | \$ 9,980,000 |
| | 1934 | 615,000 | 6,562,000 | 2,475,000 | 691,000 | ----- | 10,343,000 | 9,174,000 |
| | Av. 1928-1932 | 1,286,000 | 8,228,000 | 3,690,000 | 641,000 | ----- | 13,845,000 | ----- |
| Sorghum Syrup (gals.) | 1935 | ----- | 280,000 | ----- | 1,470,000 | 480,000 | 2,230,000 | \$ 1,392,000 |
| | 1934 | ----- | 335,000 | ----- | 1,650,000 | 371,000 | 2,356,000 | 1,412,000 |
| | Av. 1928-1932 | ----- | 161,000 | ----- | 1,428,000 | 393,000 | 1,982,000 | ----- |

Construction

Building Permits Issued in December
1935 and 1934

| CITIES | Permits Issued | | Total Valuation | |
|---------------------------|----------------|-------|-----------------|-------------|
| | 1935 | 1934 | 1935 | 1934 |
| Baltimore, Md. | 472 | 450 | \$1,113,240 | \$ 390,240 |
| Cumberland, Md. | 5 | 6 | 15,450 | 22,544 |
| Frederick, Md. | 10 | 2 | 4,894 | 155 |
| Hagerstown, Md. | 23 | 11 | 16,675 | 103,755 |
| Salisbury, Md. | 3 | 7 | 8,425 | 11,250 |
| Danville, Va. | 18 | 6 | 68,990 | 4,660 |
| Lynchburg, Va. | 26 | 10 | 14,450 | 14,450 |
| Norfolk, Va. | 83 | 90 | 142,437 | 84,094 |
| Petersburg, Va. | 0 | 3 | 0 | 2,880 |
| Portsmouth, Va. | 11 | 7 | 5,335 | 7,425 |
| Richmond, Va. | 80 | 61 | 129,583 | 48,101 |
| Roanoke, Va. | 36 | 29 | 65,950 | 5,290 |
| Bluefield, W. Va. | 3 | 8 | 650 | 7,329 |
| Charleston, W. Va. | 115 | 60 | 100,375 | 14,061 |
| Clarksburg, W. Va. | 11 | 13 | 1,093 | 44,724 |
| Huntington, W. Va. | | 11* | 6,700 | 8,230 |
| Asheville, N. C. | 16 | 76 | 9,098 | 23,422 |
| Charlotte, N. C. | 62 | 37 | 160,338 | 50,156 |
| Durham, N. C. | 16 | 15 | 31,100 | 39,300 |
| Greensboro, N. C. | 40 | 30 | 126,542 | 12,865 |
| High Point, N. C. | 20 | 23 | 12,688 | 27,579 |
| Raleigh, N. C. | 8 | 9 | 21,607 | 4,535 |
| Rocky Mount, N. C. | 6 | 0 | 1,660 | 0 |
| Salisbury, N. C. | 1 | 1 | 590 | 10 |
| Winston-Salem, N. C. | 47 | 41 | 376,624 | 49,564 |
| Charleston, S. C. | 33 | 47 | 35,275 | 33,446 |
| Columbia, S. C. | 23 | 24 | 284,230 | 17,825 |
| Greenville, S. C. | 14 | 21 | 18,620 | 15,700 |
| Rock Hill, S. C. | 20 | 13 | 19,385 | 10,220 |
| Spartanbure, S. C. | 24 | 25 | 32,368 | 16,181 |
| Washington, D. C. | 435 | 321 | 1,476,135 | 843,875 |
| Totals | 1,661 | 1,446 | \$4,300,507 | \$1,913,866 |

*Not included in total.

Building permits issued for work within the corporate limits of thirty-one Fifth district cities numbered 1,661 in December 1935, with estimated valuation figures totaling \$4,300,507, compared with 1,446 permits issued in December 1934, for a valuation total of \$1,913,866. Last month the number of permits increased 15 per cent and valuation figures rose 125 per cent in comparison with the figures reported for December 1934. Nineteen of the thirty-one cities reported higher valuation figures for December than for the corresponding month of the preceding year, but several of the increases were due to the very small 1934 figures rather than to large amounts of work planned last month. Permits for single large projects built with Government funds also accounted for several of this year's gains. All of the five largest cities, Baltimore, Washington, Richmond, Norfolk and Charlotte, reported higher figures for December 1935 than for December 1934. During the entire year 1935, permits issued in the thirty-one reporting cities totaled 27,255,

a higher figure than 21,443 permits issued in 1934, and estimated valuation figures last year totaling \$52,943,883 exceeded the 1934 total of \$30,876,926.

Contracts awarded in December for construction work in the Fifth district, including both rural and urban projects, totaled \$29,284,683, compared with \$13,698,803 awarded in December 1934, according to figures collected by the F. W. Dodge Corporation. Of the awards in December 1935, \$6,953,028, or 23.7 per cent, was for residential work, compared with \$1,875,938, or 13.7 per cent, for this type of work in December 1934. Annual figures for 1935 on contracts awarded in the Fifth district total \$203,195,274, an increase of 9.4 per cent in comparison with contracts totaling \$185,791,734 awarded in 1934. A considerable part of the contracts awarded in both years was financed by grants or loans from public funds.

Retail Trade, 31 Department Stores

| | Richmond | Baltimore | Washington | Other Cities | District |
|--|----------|-----------|------------|--------------|----------|
| December 1935 sales, compared with sales in December 1934: | + 4.7 | + 3.3 | +12.5 | + 4.5 | + 7.5 |
| Total sales during 1935, compared with sales in 1934: | + 4.3 | + 1.8 | +15.3 | + 4.5 | + 8.0 |
| Dec. 31, 1935, stocks, compared with stocks on Dec. 31, 1934: | + 7.5 | + .2 | + 5.6 | + 2.8 | + 3.4 |
| Dec. 31, 1935, stocks, compared with stocks on Nov. 30, 1935: | -20.4 | -19.5 | -22.4 | -25.3 | -21.4 |
| Number of times stocks were turned in December 1935: | .609 | .579 | .71 | .561 | .634 |
| Number of times stocks were turned during the year 1935: | 4.205 | 3.999 | 4.857 | 3.748 | 4.341 |
| Percentage of Dec. 1, 1935, receivables collected in December: | 33.6 | 29.6 | 27.3 | 29.3 | 28.9 |

Note: Sales and stock changes are percentages.

Wholesale Trade, 58 Firms

| | 21 Groceries | 7 Dry Goods | 6 Shoes | 13 Hardware | 11 Drugs |
|---|-----------------|----------------|------------|----------------|-------------|
| December 1935 sales, compared with sales in December 1934: | + 7.4 | +27.0 | + 8.2 | + 5.6 | + 1.9 |
| December 1935 sales, compared with sales in November 1935: | - 7.5 | -30.1 | -41.8 | -13.9 | - 7.8 |
| Total sales in 1935, compared with sales in 1934: | + 7.2 | - 8.7 | - 9.8 | + 7.6 | + 1.0 |
| Dec. 31, 1935, stocks, compared with stocks on Dec. 31, 1934: | - 1.5(8*) | - 8.6(3*) | +19.8(4*) | - 2.6(7*) | |
| Dec. 31, 1935, stocks, compared with stocks on Nov. 30, 1935: | - 9.7(8*) | - 3.0(3*) | +11.8(4*) | - 4.0(7*) | |
| Percentage of collections in December to receivables Dec. 1: | 109.9(12*) | 45.2(4*) | 68.5(5*) | 47.8(11*) | 64.5(7*) |

*Number of reporting firms. All figures in the table are percentages.

(Compiled January 21, 1936)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Board of Governors of the Federal Reserve System)

Industrial production and employment showed a further increase in December, when allowance is made for the usual seasonal changes, and distribution of commodities to consumers was in increased volume.

Production and Employment

The Board's seasonally adjusted index of industrial production, which takes account of the considerable decline that usually occurs in December, advanced from 98 percent of the 1923-1925 average in November to 103 percent in December, the highest level reached by this index since the spring of 1930. As in other months during the last half of 1935, the rise in the index was due in large part to increases in output of durable manufactures, particularly iron and steel and automobiles. During the first half of January production of steel and automobiles increased somewhat, following declines in the holiday period. Output at mines was also larger in December than in November. Activity at cotton and silk textile mills declined less than is usual in December, while at woolen mills there was a more than seasonal decrease in operation. Output at shoe factories increased.

Factory employment showed little change between the middle of November and the middle of December, when a slight decline is customary. The number employed continued to increase at steel mills, automobile factories, foundries and machine shops, and at railroad car building plants. There was also an increase in employment at shoe factories. Seasonal declines were reported by many other important industries. Factory payrolls were larger in the middle of December than a month earlier.

The value of construction contracts awarded increased sharply in December, according to figures of the F. W. Dodge Corporation, although a decline is

usual in that month. There was a further substantial growth in the volume of awards for publicly-financed projects and residential building also increased.

Distribution

Sales at department stores and variety stores, as well as sales by chain stores and mail order houses serving rural areas, showed larger increases than are usual in December. Freight-car loadings decreased by less than the usual seasonal amount in December, and the Board's adjusted index increased from 66 percent of the 1923-1925 average in November to 71 percent, continuing the advance begun last August.

Commodity Prices

The general level of wholesale prices showed little change during December. In the first three weeks of January there was some decline in the general index, reflecting in part lower prices for cotton gray goods, flour, pork, and silk. Prices of hogs, rubber, and petroleum increased.

Bank Credit

Excess reserves of member banks, which declined by \$600,000,000 in the third week of December, increased by \$320,000,000 during the following five weeks, reflecting the usual seasonal return flow of currency from circulation, a decline in Treasury balances with the Federal Reserve banks, and a small increase in monetary gold stock. On January 22 excess reserves totaled \$3,030,000,000, as compared with the peak of \$3,300,000,000 on December 11, 1935.

Changes in the condition of reporting member banks in leading cities between December 18 and January 15 reflected largely the influences of seasonal factors.